



A measuring instrument to evaluate e-service quality in a revenue authority setting



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ARTICLE INFO

Keywords:

Critical incident technique
Revenue agency
Tax collection agency
E-service quality
Tax practitioner

ABSTRACT

Tax revenue forms the backbone of any economy. The quality of the e-services provided by a revenue authority is therefore crucial, as e-service quality directly influences the burden of complying with tax obligations, and hence affects the tax compliance climate in a country. The aim of the study is the development of a measuring instrument that encapsulates the 'lens of a tax practitioner' in an e-service revenue authority setting. In order to develop a conceptual framework, an in-depth, qualitative approach was used to identify a comprehensive range of service attributes and dimensions that potentially drive e-service quality in the revenue authority setting. This framework is then compared with other relevant service quality models to derive a proposed e-service quality-measuring instrument. Findings from this study may advance the understanding and the management of the e-service quality of the e-services in a revenue authority setting.

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1. Introduction

High on the agenda of the 2013 G8 summit held in Northern Ireland was the issue of increased tax compliance in both developed and developing countries. Maybe the leaders of the G8 countries did not have to meet to try to solve the tax compliance dilemma. The solution might be much closer to home. Revenue authorities should perhaps spend more time on improving the services it renders to the taxpayers and tax practitioners. It is conceptualised that better service quality management of the services rendered to taxpayers and tax practitioners might impact the trust in the tax authority and also influence tax compliance (Feld & Frey, 2002; Gangl et al., 2013; Meuhlbacher & Kirchler, 2010; Murphy, 2004).

Services rendered by revenue authorities could either be rendered through expensive labour intensive off-line channels or via less expensive electronic platforms (e-services). Improving the service quality of the e-services would increase the usage and reuse thereof. The Treasury Department of the United States reports annual savings of \$78 million from the move from paper based to electronic tax services (United States Treasury, 2008). Electronic tax services, however, hold many more advantages for a government than just cost and human resource savings. Fewer error rates, increased compliance and freed resources that the government can use for more complicated tax cases and evasion, are just a few of these advantages (Connolly & Bannister, 2008). It is, therefore, evident that the adoption of the electronic tax service would be beneficial to the government. One of the major factors, which influence a person's decision to adopt e-services, is the quality of that service (Rotchanakitumnuai, 2008). Asubonteng and McClearly (1996), Hu, Brown, Thong, Chan, and Tam (2009) and Pinho, De Lurdis Martins and Macedo (2011) found that increased service quality also increases the intention to reuse the specific service.

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E-service usage at tax authorities would not only reduce the costs for the tax authority, but effective e-services would also decrease the costs for the taxpayers to comply with their tax obligations. Many taxpayers today resort to using tax practitioners to find some relief from their tax obligations. It is estimated that tax practitioners represent approximately 4 million of the 6.3 million South African tax-paying taxpayers (SARS, 2007; Snyckers, 2006). However, tax practitioners charge for their services. The more onerous it is for a tax practitioner to deal with a taxpayer's tax obligations, the higher the charge for the service; therefore the higher the direct costs involved in collecting the tax.

Connolly, Bannister, and Kearney (2010) state that an understanding of the e-service expectation of the tax practitioner is required. Robledo (2001) states that understanding 'the lens of the customer' is a prerequisite for delivering superior service, since customers (in this case tax practitioners) evaluate e-service quality by comparing their perceptions of the service with their expectations. When a tax authority knows the e-service quality expectations relevant to the tax practitioners, it becomes possible to identify how to manage the e-service quality of the services rendered to them (Gaster & Squires, 2003; Grönroos, 1988; Seth, Deshmukh, & Vrat, 2005). Better service quality management of the e-services rendered to tax practitioners might impact the trust in the tax authority and also influence taxpayer compliance (Feld & Frey, 2002; Meuhlbacher & Kirchler, 2010; Murphy, 2004).

Only a limited number of studies (Barnes & Vidgen, 2007; Connolly & Bannister, 2008; Hu et al., 2009; Rotchanakitumnuai, 2008) have contributed to the understanding of e-service quality from the taxpayer's or tax practitioner's perspective. These studies do, however, not fully encapsulate the e-service quality perspective of a tax practitioner in a tax authority setting. Tax practitioners represent the majority of taxpayers in a South African context. Smulders, Stiglingh, Franzsen, and Fletcher (2012) provided evidence that 76% of small businesses in South Africa make use of the services of tax practitioners. It is submitted that tax practitioners not only represent the majority of taxpayers, but that the frequency of their interaction with the South African Revenue Services (SARS) is probably much higher than that of an individual taxpayer. Therefore, they are probably the individuals best able to identify service excellence and deficiencies with regard to the services SARS delivers. Tax practitioners also fulfil an important mediating role and serve as a conduit for SARS by passing information to the most affluent taxpayers, which may inevitably influence decisions taken by these taxpayers, as Smith (2003) points out.

The objective of this research is to examine the e-service quality perspective of a tax practitioner in a tax authority setting in South Africa. An in-depth, qualitative approach using the critical incident technique is used to identify a comprehensive range of attributes and dimensions that potentially drive e-service quality in the revenue authority setting. These dimensions are presented in an e-service quality framework that encapsulates the 'lens of the tax practitioner' as suggested by Johnson and Gustafsson (2000). This 'lens of the tax practitioner' is then evaluated against the most widely used generic e-service quality survey instruments to determine its applicability in a revenue authority setting.

This paper commences with a review of studies relevant to the e-service quality of a revenue authority. Thereafter the research methodology followed in this research is discussed. The proposed e-service quality framework and its comparison with the service quality scales from the literature are then presented, followed by the conclusion.

2. Previous research on service quality

Quality can be defined in various ways. The user-based approach starts with the premise that quality is not an objective thing, but is 'in the eyes of the beholder' (Berry, Zeithaml, & Parasuraman, 1985; Garvin, 1984; Philip & Stewart, 1999). It is also widely agreed that *service quality* depends on two variables: expected (desired) service and perceived service. Grönroos (1984, 1988) found that perceived service quality is the outcome of an evaluation process where the expected service is compared with the service received.

Service quality was defined mainly by means of service quality models. Two schools of thought emerged in the definition of service quality, namely the Scandinavian and American schools. The Scandinavian school defined service quality using categorical terms and divided the construct into different dimensions. Originally Grönroos (1984) identified three dimensions: the Technical dimension ("what"), the Functional dimension ("how") and the Corporate image.

The American school of thought defined service quality using more descriptive terms, but also divided the construct into different dimensions. The dimensions identified by Parasuraman, Zeithaml, and Berry (1985), Parasuraman, Zeithaml, and Berry (1986), Parasuraman, Zeithaml, and Berry (1988) and Parasuraman, Berry, and Zeithaml (1991) are Tangibility, Reliability, Responsiveness, Assurance and Empathy. These authors also developed the first service quality-measuring instrument, SERVQUAL. Other authors, such as Richard and Allaway (1993) and Vos (2003) found that SERVQUAL was widely accepted as a robust categorisation of the dimensions of service. Some authors, for example, Cronin and Taylor (1992), Dabholkar, Shepherd, and Thorpe (2000) and Donnelly and Shiu (1999) have questioned the distinctness of SERVQUAL's five-factor structure. Another scale called SERVPER that was developed by Cronin and Taylor (1992) has the same dimensions as SERVQUAL. In the SERVPER scale Cronin and Taylor (1992) suggests that service quality is better predicted by performance only and not as the difference between performance and expectations.

Lee and Lin (2005) and Vos (2003) have successfully adjusted SERVQUAL – that was originally developed for the measurement of off line services – to evaluate e-service quality in the e-service environment. Many other researchers have found that e-service quality is influenced by dimensions that differ from traditional service quality (Santos, 2003; Zeithaml, Parasuraman, & Malhotra, 2002; Zhu, Wymer, & Chen, 2002). Many authors then started to specifically develop e-service quality models.

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